

3193655

**TESCO DISTRIBUTION HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 27 FEBRUARY 1999**



# TESCO DISTRIBUTION HOLDINGS LIMITED

## DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 27 February 1999.

## PRINCIPAL ACTIVITY

The principal activity of the company is to act as a holding company.

## RESULTS AND DIVIDENDS

The Company has made a net profit of £50m in the financial year (1998-nil). The directors do not recommend payment of a dividend (1998-nil).

## DIRECTORS AND THEIR INTERESTS

The following Directors served during the year:-

D E Reid  
R S Ager  
J A Bailey

None of the directors had any disclosable interests in the company during the year. D E Reid and R S Ager are also directors of Tesco PLC, the company's ultimate holding company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company.

For the one director as at 27 February 1999 who was not also a director of the ultimate holding company, his interests in the shares of Tesco PLC, at the beginning and end of the year, are given below:-

	Ordinary Shares		Share Options *			
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>Granted</u> <u>1999</u>	<u>Exercised</u> <u>1999</u>	<u>1998</u>
J A Bailey	36,386	36,531	182,645	68,849	72,855	186,651

\*Executive share option scheme (1984,1994 and 1996) and savings related share option scheme (1981). Details of these schemes are set out in the annual report and financial statements of Tesco PLC.

The 1998 interests have been restated to reflect the Tesco PLC bonus issue which was made on the 3rd of July 1998 on the basis of two new shares for every one held.

## **TESCO DISTRIBUTION HOLDINGS LIMITED**

### **DIRECTORS' REPORT** (continued)

#### **DIRECTORS' RESPONSIBILITIES**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 8 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **YEAR 2000**

The group has been working on the Year 2000 issue for over three years with the specific objective of ensuring business continuity.

It has worked closely with Government and Action 2000 as well as the Retail Industry bodies. The group has made the necessary changes and re-tested all its business critical computer systems.

The cost of the programme is being incurred by the group and more detail can be obtained from the group financial statements.

#### **EURO**

It is believed that the introduction of the euro will not impact the business now, or in the future.

#### **AUDITORS**

The auditors PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board on 22 December 1999



J A Bailey  
Director

Tesco Distribution Holdings Ltd  
Registered Number 3193655

## AUDITORS' REPORT TO THE SHAREHOLDERS OF TESCO DISTRIBUTION HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### BASIS OF AUDIT OPINION

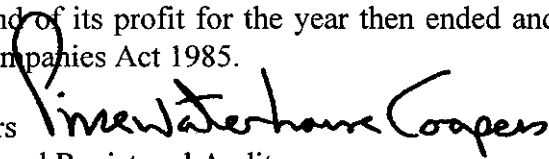
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 27 February 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
10 Bricket Road  
St Albans, Herts, AL1 3JX



22 December 1999

# **TESCO DISTRIBUTION HOLDINGS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 27 FEBRUARY 1999**

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Dividend income from shares in group undertakings		50,000,000	-
Profit on ordinary activities before taxation		<u>50,000,000</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
Retained profit for the year	5	<u><u>50,000,000</u></u>	<u><u>-</u></u>

The company's recognised gains and losses comprise only the profit reported in the profit and loss account above.

The company's results are all from continuing operations.

The notes on pages 6 to 8 form part of these financial statements.

# TESCO DISTRIBUTION HOLDINGS LIMITED

## BALANCE SHEET AS AT 27 FEBRUARY 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
FIXED ASSETS			
Investments	3	149,999,999	149,999,999
CURRENT ASSETS			
Cash at bank		50,000,000	-
CREDITORS:			
Amounts due to group undertakings		(149,999,997)	(149,999,997)
NET CURRENT ASSETS		<u>(99,999,997)</u>	<u>(149,999,997)</u>
NET ASSETS		<u>50,000,002</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account	5	50,000,000	-
EQUITY SHAREHOLDERS' FUNDS	6	<u>50,000,002</u>	<u>2</u>

Approved by the Board on 22 December 1999



J A BAILEY  
DIRECTOR

The notes on pages 6 to 8 form part of these financial statements.

## TESCO DISTRIBUTION HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 FEBRUARY 1999

#### 1. ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements are prepared in accordance with applicable accounting standards, under the historical cost convention, and are in accordance with the Companies Act 1985.

Group accounts have not been prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in Great Britain.

In accordance with FRS1 (Revised ), the company being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flow of this company, has not prepared a statement itself.

#### 2. PROFIT AND LOSS ACCOUNT

The company's only trade has been the receipt of a dividend from Tesco Distribution Limited.

Auditors remuneration is paid by other Group companies.

The company had no employees during the year (1998 - Nil).

The directors did not receive any emoluments for their services to the company (1998 - Nil).

#### 3. INVESTMENTS

	<u>1999</u> £	<u>1998</u> £
Investment in Tesco Distribution Limited	<u>149,999,999</u>	<u>149,999,999</u>

Tesco Distribution Holdings Limited owns 100% of the Ordinary Share Capital of Tesco Distribution Limited.

Tesco Distribution Limited is a company registered and operating in the United Kingdom. Its principal activity is the transportation and storage of goods.

# TESCO DISTRIBUTION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 FEBRUARY 1999 (continued)

### 4. CALLED UP SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£	£
Authorised		
2 Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>
Allotted and fully paid		
2 Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

### 5. RESERVES

	<u>1999</u>
	£
Profit and loss account as at 28 February 1998	-
Retained profit for the year	50,000,000
Profit and loss account as at 27 February 1999	<u>50,000,000</u>

### 6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
	£	£
Profit for financial year	50,000,000	-
Opening shareholders' funds	2	2
Closing shareholders' funds	<u>50,000,002</u>	<u>2</u>



## TESCO DISTRIBUTION HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 FEBRUARY 1999 (continued)

#### 7. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Tesco Holdings Limited.

The ultimate parent undertaking is Tesco PLC which is incorporated in Great Britain and registered in England and Wales, and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

#### 8. RELATED PARTY DISCLOSURES

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures", as the consolidated financial statements of Tesco PLC in which the company is included are available at the address noted above.